THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Chongqing Machinery & Electric Co., Ltd.* (the "**Company**"), you should at once hand this circular to the purchaser or the transferees or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or the transferee(s).

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CQME

Chongqing Machinery & Electric Co., Ltd.*
重慶機電股份有限公司

(a joint stock limited company incorporated in the People's Republic of China with limited liability)

(Stock Code: 02722)

(1) CONSIDERATION AND APPROVAL OF PROFIT DISTRIBUTION PLAN FOR THE SIX MONTHS ENDED 30 JUNE 2026; AND (2) NOTICE OF THE EXTRAORDINARY GENERAL MEETING

The letter from the Board of the Company is set out on pages 2 to 4 of this circular.

Notice convening the Extraordinary General Meeting of Chongqing Machinery & Electric Co., Ltd.* to be held at the Conference Room, 16/F, Jidian Building, No. 60, Middle Section of Huangshan Avenue, New North Zone, Chongqing City, the PRC on 18 November 2026 at 9:00 a.m. is set out on pages I-1 to I-2 of this circular.

The form of proxy has been enclosed with this circular for use at the Extraordinary General Meeting and such form of proxy is also published on the websites of HKEXnews of the Stock Exchange (www.hkexnews.hk) and the Company (www.chinacqme.com). Whether or not you intend to attend the Extraordinary General Meeting, you are requested to complete and return the form of proxy in accordance with the instructions printed thereon not less than 24 hours before the time fixed for holding the Extraordinary General Meeting or any adjournment thereof (as the case may be). Completion and return of the form of proxy will not preclude you from attending the Extraordinary General Meeting and voting in person if you so wish.

29 October 2026

* *For identification purposes only*

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Appendix I – Notice of the Extraordinary General Meeting I-1

In this circular, unless the context otherwise requires, the following expressions shall have the following meanings:

"Articles of Association" or "Articles"	means the articles of association of the Company currently in force
"associates"	has the meaning ascribed to it under the Listing Rules
"Extraordinary General Meeting" or "EGM"	means the 2026 second extraordinary general meeting of the Company to be held at the Conference Room, 16/F, Jidian Building, No. 60, Middle Section of Huangshan Avenue, New North Zone, Chongqing City, the PRC on Wednesday, 18 November 2026 at 9:00 a.m., to consider and, if appropriate, to approve the resolution contained in the Notice of the Extraordinary General Meeting which are set out on pages I-1 to I-2 of this circular, or any adjournment thereof
"Board"	means the board of directors of the Company
"Company"	means Chongqing Machinery & Electric Co., Ltd.*(重慶機電股份有限公司), a company incorporated in the PRC with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 02722)
"Director(s)"	means the director(s) of the Company
"Group"	means the Company and its subsidiaries
"Hong Kong"	means the Hong Kong Special Administrative Region of the PRC
"Listing Rules"	means the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
"PRC"	means the People's Republic of China, which, for the purpose of this circular, excludes Hong Kong, the Macau Special Administrative Region of the PRC and the Taiwan region
"Promoter"	has the meaning ascribed to it under the Listing Rules
"SFO"	means the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Shareholder(s)"	means holder(s) of the Shares of the Company
"Stock Exchange"	means The Stock Exchange of Hong Kong Limited

Chongqing Machinery & Electric Co., Ltd.*
重慶機電股份有限公司

(a joint stock limited company incorporated in the People's Republic of China with limited liability)
(Stock Code: 02722)

Executive Directors:
Mr. Yue Xiangjun
Mr. Qin Shaobo
Mr. Deng Rui

Non-executive Directors:
Mr. Lei Bin
Ms. Zhu Ying
Mr. Cai Zhibin

Independent non-executive Directors:
Mr. Ke Rui
Mr. Liu Lijun
Ms. Pu Huayan
Mr. Wong Chun Wa

Registered office and principal place of business in the PRC:
No. 60, Middle Section of
Huangshan Avenue,
New North Zone,
Chongqing City, the PRC

Principal place of business in Hong Kong:
Room 1204-06, 12th Floor,
The Chinese Bank Building,
61 Des Voeux Road Central,
Central, Hong Kong

29 October 2026

To the Shareholders

Dear Sir or Madam,

(1) PROFIT DISTRIBUTION PLAN FOR THE SIX MONTHS ENDED 30 JUNE 2026; AND (2) NOTICE OF THE EXTRAORDINARY GENERAL MEETING

1. INTRODUCTION

The purpose of this circular is to give you the notice of the Extraordinary General Meeting and to provide you with information regarding certain resolution to be proposed at the Extraordinary General Meeting to enable you to make an informed decision on whether to vote for or against the resolution at the Extraordinary General Meeting.

* *For identification purposes only*

2. PROFIT DISTRIBUTION PLAN FOR THE SIX MONTHS ENDED 30 JUNE 2026

As disclosed in the announcement of the Company dated 20 August 2026, the Board has recommended the payment of an interim dividend of RMB0.02 per share (tax inclusive) for the six months ended 30 June 2026.

In light of the fact that the foundation of domestic economic recovery is still unstable, combined with the actual circumstances of the Company's technological innovation, increased investment in new energy projects and rising capital expenditure, and given the need to boost investor confidence amid current severe market fluctuations, in conjunction with the profit distribution plan for the next three years formulated by the Company, we recommend a cash dividend of RMB0.02 per share (tax inclusive) based on the total share capital of 3,684,640,154 shares as at the end of June 2026. The total amount of dividend proposed to be distributed will be approximately RMB73.6928 million (tax inclusive) this time.

Subject to the approval by Shareholders at the forthcoming Extraordinary General Meeting, the proposed interim dividend will be paid on 21 December 2026 to Shareholders whose names appear on the register of members of the Company on 1 December 2026. In order to ascertain the entitlements of the Shareholders to receive the interim dividend, the register of members of the Company will be closed from Tuesday, 24 November 2026 to Tuesday, 1 December 2026 (both days inclusive), during which period no transfer of shares will be effected. All transfer documents accompanied by share certificates must be lodged with the Company's H Share Registrar Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration no later than 4:30 p.m. on Monday, 23 November 2026.

3. EXTRAORDINARY GENERAL MEETING AND PROXY ARRANGEMENT

The notice of the Extraordinary General Meeting is set out on pages I-1 to I-2 of this circular. At the Extraordinary General Meeting, a resolution will be proposed to consider and, if thought fit, to approve, inter alia, profit distribution plan for the six months ended 30 June 2026.

The form of proxy for use at the Extraordinary General Meeting, which is enclosed with this circular, has been despatched on 29 October 2026, and such form of proxy is also published on the websites of HKEXnews of the Stock Exchange (www.hkexnews.hk) and the Company (www.chinacqme.com). Whether or not you intend to attend the Extraordinary General Meeting, you are requested to complete and return the form of proxy in accordance with the instructions printed thereon not less than 24 hours before the time fixed for holding the Extraordinary General Meeting or any adjournment thereof (as the case may be). Completion and return of the form of proxy will not preclude you from attending the Extraordinary General Meeting and voting in person if you so wish.

To the best of the Directors' knowledge, information and belief after having made all reasonable enquiries, none of the Directors or Shareholders has a material interest in the resolution to be proposed at the Extraordinary General Meeting and no other Shareholder is required to abstain from voting on any of the resolutions at the Extraordinary General Meeting.

4. PROCEDURES FOR VOTING AT THE EXTRAORDINARY GENERAL MEETING

According to Rule 13.39(4) of the Listing Rules, any vote of Shareholders at an extraordinary general meeting must be taken by poll except where the chairman of the meeting, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands. Accordingly, the resolution to be proposed at the Extraordinary General Meeting (as set out in the Notice of the Extraordinary General Meeting) will be voted by way of poll. An announcement will be published by the Company in relation to the poll results by means as required by Rule 13.39(5) and 13.39(5A) of the Listing Rules.

5. RECOMMENDATION

The Directors consider that the resolution to be proposed for consideration and approval by the Shareholders at the Extraordinary General Meeting is in the best interests of the Company and the Shareholders as a whole.

Accordingly, the Directors recommend that all the Shareholders should vote in favour of all the resolution to be proposed at the Extraordinary General Meeting as set out in the notice of the Extraordinary General Meeting.

Yours faithfully
By Order of the Board
Chongqing Machinery & Electric Co., Ltd.*
Yue Xiangjun
Executive Director and Chairman

* *For identification purposes only*

Chongqing Machinery & Electric Co., Ltd.*
重慶機電股份有限公司

(a joint stock limited company incorporated in the People's Republic of China with limited liability)
(Stock Code: 02722)

NOTICE OF THE EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an Extraordinary General Meeting (the "**Meeting**" or "**EGM**") of Chongqing Machinery & Electric Co., Ltd.* (the "**Company**") will be held at the Conference Room, 16/F, Jidian Building, No. 60, Middle Section of Huangshan Avenue, New North Zone, Chongqing City, the PRC on Wednesday, 18 November 2026 at 9:00 a.m. (or any adjournment thereof) for the following purposes:

ORDINARY RESOLUTION

1. To consider and approve the profit distribution plan for the six months ended 30 June 2026.

By Order of the Board
Chongqing Machinery & Electric Co., Ltd.*
Yue Xiangjun
Executive Director and Chairman

Chongqing, the PRC
29 October 2026

Notes:

1. A member of the Company ("**Member**") entitled to attend and vote at the Meeting is entitled to appoint a proxy or proxies to attend and vote in his stead. A proxy need not to be a Member. A form of proxy for use at the Meeting is enclosed herewith. Where two or more persons are registered as joint holders of any Share, only the person whose name appears first in the register of members shall be entitled to receive this notice, to attend and exercise all the voting powers attached to such Share at the Meeting, and this notice shall be deemed to be given to all joint holders of such Share.

2. To be valid, the form of proxy together with any power of attorney or other authority (if any) under which it is signed or a notarially certified copy of that power of attorney or authority must be deposited with the Company's H Share Registrar Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 24 hours before the time appointed for holding the Meeting or the time appointed for passing the resolution or any adjournment thereof.

3. In case of holders of Domestic Shares, to be valid, please return to the Company's mailing address at No. 60, Middle Section of Huangshan Avenue, New North Zone, Chongqing City, the PRC. Delivery of the form of proxy shall not preclude a Member from attending and voting in person at the Meeting and, in such event, the instrument appointing a proxy shall be deemed to be revoked.

4. In order to determine the Members who are entitled to attend and vote at the Meeting, the register of Members will be closed from Friday, 13 November 2026 to Wednesday, 18 November 2026, both days inclusive, during which period no transfer of H Shares of the Company will be effected. All transfer documents accompanied by the relevant share certificate must be lodged with the Company's H Share Registrar Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Thursday, 12 November 2026.

As at the date of the notice, the executive Directors are Mr. Yue Xiangjun, Mr. Qin Shaobo and Mr. Deng Rui; the non-executive Directors are Mr. Lei Bin, Ms. Zhu Ying and Mr. Cai Zhibin; and the independent non-executive Directors are Mr. Ke Rui, Mr. Liu Lijun, Ms. Pu Huayan and Mr. Wong Chun Wa.

* *For identification purposes only*